

*An AGL Resources Company*

1844 Ferry Road  
Naperville, IL 60563

630.983.8676 phone  
www.nicorgas.com

April 12, 2012

Exhibit BOB 2.2  
Page 1

Ms. Elizabeth A. Rolando  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62701

Dear Ms. Rolando:

As required by the Commission's Order in Docket No. 11-0763, enclosed are the calculations of Northern Illinois Gas Company's d/b/a Nicor Gas Company Annual Reconciliation Balance for the reconciliation period ended December 31, 2011. The detailed statements included as pages 6 through 7 set forth, for each month of 2011, the recoverable gas costs and revenues recorded under the various Gas Supply Cost charges. Also included is the report of PricewaterhouseCoopers LLP, independent public accountants, and an Affidavit of an officer of the Company.

These statements have been prepared in accordance with the Commission's Amendatory Order of October 3, 1995, in Docket No. 94-0403, Uniform Purchased Gas Adjustment clause(s) (83 Illinois Administrative Code Part 525) and in compliance with certain changes to Rider 6 as ordered by the Commission in Docket No. 04-0779.

As shown on Page 3 of the enclosure, the net reconciliation balance to be refunded is \$13,375,345.

The Company will provide written testimony and exhibits based upon the schedule established in Docket No. 11-0763.

A copy of this filing is being sent to Ms. Joy Nicdao-Cuyugan, Director Financial Analysis Division, and Ms. Mary Selvaggio, Manager Accounting Department, of the Commission in Springfield. An additional copy of this filing is also enclosed for your convenience in acknowledging its receipt.

Sincerely,

A handwritten signature in black ink that reads "Robert R. Mudra".

Robert R. Mudra, CFA  
Director, Finance and Rates

Enclosures



## Report of Independent Auditors

To the Board of Directors and Stockholder of Northern Illinois Gas Company

We have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the financial statements of Northern Illinois Gas Company (the "Company") for the year ended December 31, 2011, and have issued our report thereon dated February 22, 2012. We have also audited the accompanying Annual Reconciliation to the Illinois Commerce Commission of the Company, as required under Section G of Rider 6, Gas Supply Charge ("Rider 6") for the year ended December 31, 2011 (the "Statement"). The Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission, and is not intended to be a complete presentation of financial statements in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Statement presents fairly, in all material respects, the information set forth therein of Northern Illinois Gas Company for the year ended December 31, 2011, in accordance with Section G of Rider 6 of the Company's rate schedule as filed with the Illinois Commerce Commission.

This report is intended solely for the information and use of the board of directors and management of Northern Illinois Gas Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

April 9, 2012

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY

RECONCILIATION BALANCE FOR THE YEAR ENDED  
DECEMBER 31, 2011

Commodity Related Reconciliation (See Page 6 for detail)

Revenues Recorded Under Commodity Related Charges (Note 2)	\$ 1,137,208,977
Recoverable Commodity Related Costs (Note 3)	<u>1,120,444,779</u>
Balance to be Refunded under Section E	\$ 16,764,198

Non-Commodity Related Reconciliation (See Page 7 for detail)

Revenues Recorded Under Non-Commodity Related Charges (Notes 4)	\$ 116,768,602
Recoverable Non-Commodity Related Costs (Note 5)	<u>120,157,455</u>
Balance to be Collected under Section E	\$ 3,388,853

Total Reconciliation

Revenues Recorded	\$ 1,253,977,579
Recoverable Costs	<u>1,240,602,234</u>
Total Balance to be Refunded	\$ 13,375,345

**Notes:****1. Basis of Presentation**

Nicor Gas (the “Company”) maintains its financial books and records in accordance with accounting standards generally accepted in the United States of America. These statements have been prepared from the financial books and records of the Company in accordance with the annual reconciliation provision of Section G of Rider 6 – Gas Supply Cost, of the Company’s rate schedule in effect and on file with the Illinois Commerce Commission.

**2. Revenues Recorded Under Commodity Related Charges**

Revenue arising: (1) through application of the Commodity Gas Cost charge (CGC) component of the Gas Cost charge (GC) to therms sold; (2) from estimated unbilled service; (3) under the Unauthorized Use Charge provisions of Rate 74 (General Transportation Service), Rate 75 (Seasonal Use Transportation Service), Rate 76 (Large General Transportation Service), Rate 77 (Large Volume Transportation Service), Rate 17 (Contract Service), Rate 19 (Contract Service for Electric Generation) and Rider 13 (Supplier Transportation Service), exclusive of gas costs; (4) under the Excess Storage Charge provisions of Rate 74, Rate 75, Rate 76, Rate 77, Rate 17, Rate 19 and Riders 25 (Firm Transportation Service) and 13; (5) through application of a credit or charge for Hub revenues for “sales” customers and through application of the Transportation Service Adjustment (TSA) applied to customer-owned therms delivered under Rate 74, Rate 75, Rate 76, Rate 77, Rate 17, Rate 19 and Riders 15 (Customer Select) and 25; and (6) exclusive of Standard Rider 5 revenue and interest.

**3. Recoverable Commodity Related Costs**

The Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2011).

**4. Revenues Recorded Under Non-Commodity Related Charges**

Revenue arising: (1) through application of the Non-Commodity Gas Cost charge (NCGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Demand Gas Cost charge (DGC) to Firm Backup Service levels of customers; (3) through application of the CSBC (Customer Select Balancing Charge) to customer-owned therms delivered under Rider 15, Customer Select, and billed to customers; (4) from estimated unbilled service; and (5) exclusive of interest.

Application of the Non-Commodity Gas Cost charge (NCGC) and Demand Gas Cost charge (DGC) is pursuant to the Commission’s Orders in Docket Nos. 88-0277 and 95-0219. The NCGC is applicable at the full calculated level to therms sold by the Company, and Authorized and Unauthorized Use therms sold to Rate 74, Rate 75, Rate 76, Rate 77 and Rider 13. The DGC is applicable to forty-seven percent of Maximum Daily Contract Quantity (MDCQ) for Rate 6, Rate 7, and Rider 25, and to the elected level of Firm Backup Service (FBS) for Rate 74, Rate 75, Rate 76, and Rate 77.

**5. Recoverable Non-Commodity Related Charges**

Non-Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2011).

**6. Use of Estimates**

The preparation of the Reconciliation Balance Statement requires management to make estimates that affect the reported amounts. Accounting estimates requiring significant management judgment involve the volume of gas delivered to customers and lost in the operation of the system and amounts due to or from suppliers under operator balancing agreements. The Company routinely estimates these amounts during its normal closing process. As part of the Company's process for preparing the Reconciliation Balance Statement, the Company reviews these estimates, and if material, reflects any changes from its original estimates in the Reconciliation Balance Statements. Immaterial differences are reflected in the Reconciliation Balance Statement for the subsequent year.

**7. Year-end Adjustments**

After the 2011 year-end financial close process had been completed, management discovered an inaccuracy in the reporting of the number of therms delivered to sales customers. The impact of this inaccuracy is an understatement of approximately \$0.72 million in gas costs and a corresponding understatement of approximately \$0.75 million in recorded revenues which are not reflected in the Reconciliation Balance, Exhibit BOB-2.2 pages 6 and 7. Similar to the Company's use of estimates during its year-end financial close process, the Company has continued its practice of adjusting for immaterial differences in its Reconciliation Balance statements in the subsequent year.

**NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2011**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2011 TOTAL
<b>REVENUES RECORDED UNDER</b>													
<b>COMMODITY CHARGES</b>													
COMMODITY GAS CHARGE (CGC)	\$227,950,205	\$198,551,842	\$146,851,241	\$84,314,236	\$48,760,587	\$28,008,852	\$24,788,372	\$26,416,401	\$31,757,569	\$61,272,354	\$103,079,401	\$152,216,163	\$1,133,967,223
EXCESS STORAGE CHARGES	4,385	18,912	29,350	21,359	(4,811)	58,293	726	9,517	30,742	108,874	164,253	55,387	496,987
CHICAGO HUB	364,276	361,808	371,843	103,856	48,025	63,575	63,417	90,591	113,855	184,322	172,703	204,071	2,142,342
UNAUTHORIZED USE CHARGES	0	1,319,443	(854,592)	(498)	0	31,827	0	453,646	(453,646)	0	113,411	0	609,591
INTEREST ON REFUNDS	5,709	4,420	1,070	(1,590)	6,786	(4,338)	(6,241)	(4,605)	(3,801)	(3,670)	(906)	0	(7,166)
<b>TOTAL</b>	<b>\$228,324,575</b>	<b>\$200,256,425</b>	<b>\$146,398,912</b>	<b>\$84,437,363</b>	<b>\$48,810,587</b>	<b>\$28,158,209</b>	<b>\$24,846,274</b>	<b>\$26,965,550</b>	<b>\$31,444,719</b>	<b>\$61,561,880</b>	<b>\$103,528,862</b>	<b>\$152,475,621</b>	<b>\$1,137,208,977</b>
<b>RECOVERABLE COMMODITY</b>													
<b>RELATED COSTS</b>													
FIRM SUPPLY	\$124,369,133	\$89,792,342	\$52,727,788	\$70,475,161	\$98,907,681	\$103,589,559	\$101,865,792	\$102,825,924	\$90,324,997	\$110,986,283	\$61,519,916	\$48,353,182	\$1,055,737,758
SPOT GAS PURCHASES	17,991,701	8,076,665	15,657,138	29,475,210	19,001,013	19,646,213	15,986,105	23,636,167	16,802,543	10,165,311	16,484,610	6,518,945	199,441,621
OFF-SYSTEM SUPPLY SALES	(28,685,082)	(20,241,437)	(39,548,196)	(9,026,796)	(5,101,634)	(11,045,281)	(10,623,687)	(11,696,540)	(3,091,716)	(6,494,982)	(24,133,912)	(24,655,814)	(194,345,077)
INVENTORY ACTIVITY	129,890,143	99,111,947	139,650,180	(1,101,819)	(75,526,192)	(94,450,610)	(88,809,216)	(99,204,140)	(85,784,290)	(74,565,946)	38,116,437	115,395,138	2,721,632
NET (GAIN)/LOSS FROM HEDGING	5,533,748	2,284,494	749,678	4,547,938	7,875,871	7,725,889	7,475,613	7,089,795	9,676,965	9,986,594	3,261,233	3,386,500	69,594,318
PURCHASED STORAGE SERVICE	9,901	8,872	19,907	28,548	57,524	14,800	17,250	35,700	26,100	36,677	9,300	21,650	286,229
RECOVERY FROM HITS BY CONTRACTOR	0	0	(11,614)	0	0	(13,677)	0	0	(10,716)	0	0	(21,231)	(57,238)
AUTHORIZED OVER-RUN CHARGES	0	0	0	0	0	0	0	0	0	0	0	0	0
AMORTIZATION OF PREVIOUS YEARS RB	(8,917,045)	0	0	0	0	0	0	0	0	0	0	0	(8,917,045)
LESS FRANCHISE GAS COSTS	(1,102,423)	(966,991)	(812,768)	(368,903)	(210,707)	(59,108)	(28,986)	(26,829)	(31,298)	(63,496)	(143,356)	(202,554)	(4,017,419)
<b>TOTAL</b>	<b>\$239,090,076</b>	<b>\$178,065,892</b>	<b>\$168,432,113</b>	<b>\$94,029,339</b>	<b>\$45,003,556</b>	<b>\$25,407,785</b>	<b>\$25,882,871</b>	<b>\$22,660,077</b>	<b>\$27,912,585</b>	<b>\$50,050,441</b>	<b>\$95,114,228</b>	<b>\$148,795,816</b>	<b>\$1,120,444,779</b>
<b>COMMODITY RELATED</b>													
<b>OVER / (UNDER ) COLLECTION</b>													
	<b>(\$10,765,501)</b>	<b>\$22,190,533</b>	<b>(\$22,033,201)</b>	<b>(\$9,591,976)</b>	<b>\$3,807,031</b>	<b>\$2,750,424</b>	<b>(\$1,036,597)</b>	<b>\$4,305,473</b>	<b>\$3,532,134</b>	<b>\$11,511,439</b>	<b>\$8,414,634</b>	<b>\$3,679,805</b>	<b>\$16,764,198</b>

**NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
NON-COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE GAS COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2011**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2011 TOTAL
<b>REVENUES RECORDED UNDER</b>													
<b><u>NON-COMMODITY RELATED CHARGES</u></b>													
DGC AND NCGC	\$22,095,365	\$18,158,558	\$14,846,529	\$9,218,338	\$5,090,281	\$2,857,916	\$2,392,978	\$2,355,193	\$3,156,446	\$5,706,460	\$9,706,666	\$13,232,853	<b>\$108,817,583</b>
CUSTOMER SELECT BALANCING CHARGE	1,751,003	1,318,563	1,016,388	608,211	333,773	191,456	148,561	151,968	211,725	411,722	733,697	1,073,952	<b>7,951,019</b>
SUBTOTAL	<b>\$23,846,368</b>	<b>\$19,477,121</b>	<b>\$15,862,917</b>	<b>\$9,826,549</b>	<b>\$5,424,054</b>	<b>\$3,049,372</b>	<b>\$2,541,539</b>	<b>\$2,507,161</b>	<b>\$3,368,171</b>	<b>\$6,118,182</b>	<b>\$10,440,363</b>	<b>\$14,306,805</b>	<b>\$116,768,602</b>
<b>RECOVERABLE NON-COMMODITY</b>													
<b><u>RELATED COSTS</u></b>													
FIRM SUPPLY	\$9,183,426	\$10,196,251	\$9,396,454	\$5,581,434	\$6,400,014	\$5,985,126	\$5,213,804	\$6,161,563	\$6,217,218	\$5,485,146	\$9,536,139	\$10,383,504	<b>\$89,740,079</b>
OTHER CREDITS	(957,380)	(529,385)	(779,394)	(419,490)	(305,358)	(348,595)	(266,146)	(307,977)	(303,741)	(266,271)	(1,302,663)	(525,585)	<b>(6,311,985)</b>
PURCHASED STORAGE SERVICE	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	3,342,055	<b>40,104,660</b>
AMORTIZATION OF PREVIOUS YEARS RB	(17,666,146)	14,673,619	0	0	0	0	0	0	0	0	0	0	<b>(2,992,527)</b>
LESS FRANCHISE GAS COSTS	(107,093)	(87,764)	(79,422)	(39,006)	(20,585)	(5,547)	(2,465)	(2,089)	(2,802)	(5,595)	(13,139)	(17,265)	<b>(382,772)</b>
<b>TOTAL</b>	<b>(\$6,205,138)</b>	<b>\$27,594,776</b>	<b>\$11,879,693</b>	<b>\$8,464,993</b>	<b>\$9,416,126</b>	<b>\$8,973,039</b>	<b>\$8,287,248</b>	<b>\$9,193,552</b>	<b>\$9,252,730</b>	<b>\$8,555,335</b>	<b>\$11,562,392</b>	<b>\$13,182,709</b>	<b>\$120,157,455</b>
<b>NON-COMMODITY RELATED OVER / (UNDER ) COLLECTION</b>	<b>\$30,051,506</b>	<b>(\$8,117,655)</b>	<b>\$3,983,224</b>	<b>\$1,361,556</b>	<b>(\$3,992,072)</b>	<b>(\$5,923,667)</b>	<b>(\$5,745,709)</b>	<b>(\$6,686,391)</b>	<b>(\$5,884,559)</b>	<b>(\$2,437,153)</b>	<b>(\$1,122,029)</b>	<b>\$1,124,096</b>	<b>(\$3,388,853)</b>

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 11-0763  
PGA Reconciliation for the Year Ended December 31, 2011**

**Commodity Gas Cost**

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/10 per 2010 Reconciliation	\$ (2,556,956)
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/10 per 2010 Reconciliation	(6,360,089)
3	Factor O Collected/(Refunded) during 2010	<u>0</u>
4	Balance to be Collected/(Refunded) during 2011 from prior periods (sum of lines 1 thru 3)	<u>\$ (8,917,045)</u>
5	2011 Gas Costs	\$ 1,128,255,246
6	2011 PGA Revenues	(1,136,109,565)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments	0
9	Interest	7,166
10	2011 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ (7,847,153)</u>
11	Under/(Over) Recovery Balance at 12/31/11 (line 4 + line 10)	\$ (16,764,198)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/11	(16,764,198)
13	Unamortized Balance at 12/31/11 (per filing truing up actual for December 2011)	<u>0</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u>\$ -</u>



**Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 11-0763  
PGA Reconciliation for the Year Ended December 31, 2011**

**Non-Commodity Gas Cost**

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/10 per 2010 Reconciliation	\$ -
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/10 per 2010 Reconciliation	(2,992,527)
3	Factor O Collected/(Refunded) during 2010	<u>0</u>
4	Balance to be Collected/(Refunded) during 2011 from prior periods (sum of lines 1 thru 3)	<u>\$ (2,992,527)</u>
5	2011 Gas Costs	\$ 115,198,963
6	2011 PGA Revenues	(108,817,583)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments	0
9	Interest	<u>0</u>
10	2011 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ 6,381,380</u>
11	Under/(Over) Recovery Balance at 12/31/11 (line 4 + line 10)	\$ 3,388,853
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/11	3,388,853
13	Unamortized Balance at 12/31/11 (per filing truing up actual for December 2011)	<u>0</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u>\$ -</u>

STATE OF ILLINOIS       )  
                                      )  
COUNTY OF DUPAGE     )


**VERIFICATION**

Ralph Cleveland, being first duly sworn, states that he is President of Northern Illinois Gas Company d/b/a Nicor Gas Company; that he has read the foregoing Statement by him subscribed and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge and belief.

  
\_\_\_\_\_  
Ralph Cleveland  
President

**SUBSCRIBED AND SWORN TO,**

Before me this 9<sup>th</sup> day  
of April, 2012.

  
\_\_\_\_\_  
Notary Public

My commission expires:

August 4, 2014

